

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2004-280-C**

IN RE: Application of Time Warner Cable Information )  
Services (South Carolina), LLC, d/b/a Time )  
Warner Cable to Amend its Certificate of Public )  
Convenience and Necessity to Provide )  
Interexchange and Local Voice Services in )  
Service Areas of Certain Incumbent Carriers who )  
Currently Have a Rural Exemption )

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**TESTIMONY OF**

**JULIE Y. PATTERSON**

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE  
2 RECORD.

3 A. My name is Julie Y. Patterson and I am Vice President and Chief Counsel, Telephony for  
4 Time Warner Cable. My business address is 290 Harbor Drive, Stamford, Connecticut  
5 06902. My telephone number is (203) 328-0671 and my email address is  
6 julie.patterson@twcable.com.

7 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

8 A. I am responsible for legal affairs and state and federal regulatory issues relating to Time  
9 Warner Cable's deployment of Voice Over IP services and telecommunications services  
10 throughout the country. This involves obtaining necessary telephone authorizations from  
11 state utilities commissions; providing advice regarding regulatory compliance; developing  
12 regulatory policy; and providing support to Time Warner Cable's Divisions relating to all  
13 issues relating to Voice Over IP and telecommunications services.

14 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND  
15 EXPERIENCE.

16 A. I am an attorney and have specialized in the area of communications. I practiced  
17 communications law in private practice for several years. I then served as an Attorney  
18 Advisor in the Common Carrier Bureau of the Federal Communications Commission. While  
19 working for the FCC, I worked on issues relating to local telephone competition, the  
20 deployment of broadband services, Bell Operating Company section 271 applications, and  
21 communications and media mergers. Immediately prior to joining Time Warner Cable, I was  
22 Associate General Counsel for Net2Phone, Inc., an IP Telephony company. I have a B.A.  
23 degree from the University of Pennsylvania and a J.D. from the College of William and  
24 Mary.

1 Q. PLEASE BRIEFLY DESCRIBE YOUR COMPANY'S CORPORATE STRUCTURE.

2 A. Time Warner Cable Information Services (South Carolina), LLC ("TWCIS") is a limited  
3 liability company organized under the laws of the State of Delaware. The two members of  
4 the company are Time Warner Cable Inc. ("TWC"); and Time Warner Entertainment-  
5 Advance/Newhouse Partnership ("TWEAN"). Time Warner, Inc. is the ultimate corporate  
6 parent of TWC and TWEAN. Time Warner Cable is committed to providing the necessary  
7 financial support to the operations of TWCIS.

8 Q. ARE YOU FAMILIAR WITH THE APPLICATION YOUR COMPANY SUBMITTED TO  
9 THIS COMMISSION?

10 A. Yes, I am familiar with the Application.

11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

12 A. The purpose of my testimony is to present evidence on the financial, technical and  
13 managerial abilities of TWCIS and to discuss the proposed expansion of our certificated  
14 authority to include those areas served by the following incumbent local exchange carriers:  
15 Farmers Telephone Cooperative, Inc.; Fort Mill Telephone Company, d/b/a Comporium  
16 Communications, Inc.; Home Telephone Company, Inc.; PBT Telecom, Inc.; and St. Stephen  
17 Telephone Company (collectively "ILECs").

18 Q. PLEASE DISCUSS THE MANAGERIAL ABILITY OF TWCIS TO PROVIDE  
19 TELECOMMUNICATIONS SERVICES IN SOUTH CAROLINA.

20 A. In Order No. 2004-213, the Commission concluded that TWCIS possessed the managerial  
21 and technical resources to provide telecommunications services. TWCIS continues to rely on  
22 the same individuals identified in its initial certification.

23 In addition, TWCIS relies on its local employees headed by Charlene Keys, Vice  
24 President & General Manager of Digital Phone. Ms. Keys most recently served as the  
25 Managing Partner/Co-Founder of Civature Consulting, Inc., in Atlanta, Georgia. She has also  
26 held senior management positions at KMC Telecom; MCI WorldCom, Inc.; and Sprint

1 Corp. While serving as General Manager at Ameritech Corp. in mid-1990's, Ms. Keys was  
2 selected to participate in an executive exchange program with Deutsche Telecom in Bonn,  
3 Germany. She has a Master's Degree in Business Administration from Mercer University in  
4 Atlanta and received her Bachelor's Degree in Business from the University of the State of  
5 New York in Albany. Locally and nationally TWCIS is managed and operated by a team of  
6 well-qualified and seasoned telecommunications professionals who are capable of providing  
7 state of the art services.

8 Q. DESCRIBE TWCIS'S FINANCIAL ABILITY TO OPERATE AS A  
9 TELECOMMUNICATIONS CARRIER.

10 A. Time Warner Cable maintains a relationship with TWCIS which provides funding, financing  
11 and the capital necessary to provide services to customers in the expanded service area.  
12 Time Warner Cable is committed to providing the financial support as needed for the  
13 expansion of authority into the ILECs' service area.

14 Q. PLEASE DESCRIBE THE OPERATIONS OF TWCIS AND THE SERVICES IT  
15 PROPOSES TO OFFER IN SOUTH CAROLINA.

16 A. TWCIS seeks authority to expand its certificated authority to include ILECs' service area. At  
17 the time we filed this application last October, TWCIS anticipated that it would be providing  
18 the same facilities-based Internet Protocol ("IP") voice service currently being provided to  
19 TWCIS customers. TWCIS is currently providing features similar to those offered by  
20 traditional analog telephone service but utilizes IP technology to transport telephone calls.  
21 Customers are able to call and be called by other IP voice service subscribers as well as other  
22 parties connected to the public switched telephone network ("PSTN"). The service is offered  
23 on a bundled flat-rate basis and allows standard local calling in addition to operator services,  
24 directory assistance, enhanced "911" services, outbound 800 toll free calling, custom calling  
25 features such as call waiting, caller identification, and directory listing. From a consumer

1 perspective, TWCIS currently provides unlimited local and long distance calling for a single  
2 price that includes popular calling features. TWCIS utilizes local number portability  
3 permitting consumers to maintain their existing telephone numbers in addition to whole-  
4 home wiring and the opportunity to utilize each telephone jack in the home. The proposed  
5 services are described more completely in the current South Carolina Tariff which is on file  
6 with the Commission.

7 Q. WHAT HAS CHANGED SINCE THE TIME TWCIS FILED ITS APPLICATION?

8 A. As we indicated in our application Voice Over IP is a new technology. The Federal  
9 Communications Commission recently addressed the question of whether Voice Over IP  
10 services are subject to state and/or federal regulation *In the Matter of Vonage Holdings*  
11 *Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public*  
12 *Utilities Commission*, WC Docket No. 03-211, Memorandum Opinion and Order, FCC 04-  
13 267, released November 12, 2004 ("Vonage Order"). Paragraph 32 indicates that to the  
14 extent cable companies provide VoIP services, state regulation is preempted. The FCC  
15 preempted the states from imposing "certification, tariffing or other related requirements as  
16 conditions to offering DigitalVoice ...." Vonage Order, ¶ 46.

17 Q. HOW DOES THIS CHANGE AFFECT TWCIS CURRENT APPLICATION?

18 A. Since the Vonage Order preempts the state from imposing certification and tariffing  
19 requirements, TWCIS intends to withdraw the retail service offerings in its current tariff once  
20 a new non-regulated entity is created to provide the retail voice services currently being  
21 offered by TWCIS. TWCIS intends to remain a certificated carrier and will obtain  
22 interconnection services from incumbent LECs and eventually offer wholesale services to the  
23 newly created non-regulated entity.

1 Q. HOW WILL THIS CHANGE IMPACT REGULATORY COMPLIANCE ISSUES?

2 A. Since the Vonage Order is currently being appealed, TWCIS and the newly created entity  
3 will voluntarily comply with all applicable rules respecting the collection of universal service  
4 fund charges, taxes, reporting requirements, and 911 services. However, as stated in the  
5 regulatory disclaimer, TWCIS does not want anything in the application or docket to be  
6 construed as a concession or agreement by TWCIS that the services at issue constitute  
7 telecommunications services, local exchange services, common carrier offerings, or services  
8 that are otherwise subject to federal or state regulation.

9 Q. WHAT FACILITIES WILL TWCIS USE TO PROVIDE ITS PROPOSED  
10 INTEREXCHANGE AND LOCAL VOICE SERVICES?

11 A. TWCIS predominately uses the facilities of Time Warner Cable to provide the IP voice  
12 services. Time Warner Cable owns and manages cable systems serving 10.9 million  
13 subscribers in 27 states. In South Carolina Time Warner Cable serves approximately 340,000  
14 customers in 71 different communities. At present, Time Warner Cable has more than 68,000  
15 high-speed data customers in South Carolina. TWCIS draws upon the engineering and  
16 technical support of its specialized staffs to manage its network and provision services. The  
17 services are delivered over a managed network with quality of service standards, ensuring  
18 that customers are provided with the level of quality offered by traditional telephone service  
19 and to which they are accustomed.

20 In order to reach premises not served by Time Warner Cable, calls must at times  
21 traverse the PSTN. TWCIS completes these calls through relationships with competitive  
22 local exchange carriers that provide a variety of services, including the termination of local  
23 and toll calls, the provision of directory assistance and operator services, and the delivery of  
24 911 calls to the appropriate public safety answering points. Calls destined for PSTN are  
25 terminated in accordance with intercarrier compensation regimes. TWCIS currently has an

1 agreement for MCI to carry TWCIS' traffic. MCI then interconnects with the local exchange  
2 carrier. TWCIS intends to start negotiating directly with local carriers for its own  
3 interconnection, exchange and commercial agreements. Time Warner Cable's Global  
4 Network Operations Center located in Herndon, Virginia will provide operational monitoring  
5 and control capabilities to ensure support for customers 24 hours per day, seven days per  
6 week.

7 Q. WHICH CARRIER OR CARRIERS SERVE AS YOUR UNDERLYING CARRIER FOR  
8 INTEREXCHANGE SERVICES.

9 A. At present, TWCIS uses MCI as its underlying carrier. As indicated above, once the retail  
10 tariff is withdrawn, TWCIS will provide wholesale services to the unregulated entity and  
11 negotiate its own interconnection, commercial, and exchange agreements with other carriers.

12 Q. HAS YOUR COMPANY BEGUN NEGOTIATIONS WITH THE ILECS IN SOUTH  
13 CAROLINA?

14 A. No.

15 Q. IS THE COMPANY SEEKING TO PIERCE THE RURAL EXEMPTION FOR THE ILECS  
16 OR OTHER MEMBERS OF THE SOUTH CAROLINA TELEPHONE COALITION IN  
17 THIS PROCEEDING?

18 A. No. TWCIS is not making a bona fide request of the ILECs for interconnection, services or  
19 network elements under 47 U.S.C. § 251(c) in this proceeding. We are simply requesting  
20 authority to amend our certification order to include the service territories of these ILECs. If  
21 our request is granted, then we must first make the request for interconnection before the  
22 Commission has to address the issues related to whether to terminate the exemption for each  
23 ILEC.

24 Q. HOW WILL TWCIS BILL FOR ITS SERVICES?

25 A. Consumers will be billed for their voice services, in addition to other Time Warner Cable-  
26 provided services, on a single monthly billing statement.

1 Q. HOW WILL TWCIS MARKET ITS SERVICES?

2 A. TWCIS markets its IP voice services, which are branded as "Time Warner Cable Digital  
3 Phone," to existing high-speed data service users through direct mail and e-mail campaigns.  
4 We also market our IP voice services through other channels, including local television  
5 commercials, newspaper advertising and radio broadcasts advertising.

6 Q. WILL TWCIS USE TELEMARKETING AS A METHOD FOR SELLING ITS SERVICES?

7 A. TWCIS has used telemarketing as a method for selling its services to existing Time Warner  
8 Cable customers in a promotion which was filed with the Commission. The script was  
9 provided to the Commission on June 7, 2004.

10 Q. HOW ARE CUSTOMER INQUIRIES/DISPUTES HANDLED?

11 A. Customers can contact the company's customer service centers by calling the following  
12 numbers:

13	Columbia	(803) 252-2253
14	Orangeburg	(803) 534-7373
15	Sumter	(803) 469-2200
16	Myrtle Beach	(843) 913-7941
17	Florence	(843) 662-8191
18	Summerville	(843) 871-7000

19 Customer service representatives are available twenty-four hours per day, seven days a week.

20 Q. IN WHAT OTHER STATES HAS TWCIS OR AFFILIATED ENTITIES RECEIVED  
21 AUTHORITY TO PROVIDE INTEREXCHANGE AND/OR LOCAL VOICE SERVICES?

22 A. Time Warner Cable Information Services (North Carolina), LLC was authorized to provide  
23 IP-based voice services in North Carolina on July 23, 2003. In addition, the following  
24 affiliated entities have also been authorized to provide IP-based voice services by their  
25 respective states' utilities commissions: Time Warner Cable Information Services (Maine),  
26 LLC; Time Warner Cable Information Services (Ohio), LLC; Time Warner Cable  
27 Information Services (Louisiana), LLC; Time Warner Cable Information Services  
28 (Minnesota), LLC; Time Warner Cable Information Services (California), LLC; Time



1 Warner Cable Information Services (Nebraska), LLC; Time Warner Cable Information  
2 Services (Hawaii), LLC; Time Warner Cable Information Services (Wisconsin), LLC; Time  
3 Warner Cable Information Services (Texas), L.P.; Time Warner Cable Information Services  
4 (Kansas), LLC; and Time Warner ResCom of New York, LLC. In addition, Time Warner  
5 Inc. indirectly owns approximately 44% of the stock of Time Warner Telecom Inc., the  
6 parent company of Time Warner Telecom of South Carolina, L.P., which was certified to  
7 provide local and long distance services in South Carolina in Docket No. 2000-505-C, Order  
8 No. 2001-93, on January 31, 2001. Time Warner Telecom is a separately-managed public  
9 company whose stock is traded through NASDAQ and its financial results are not  
10 consolidated with those of Time Warner Inc.

11 Time Warner Cable Information Services (Maine), LLC currently services more than  
12 22,000 customers in the greater Portland, Maine area with more than 80 percent of customers  
13 choosing to port their telephone numbers. Today in the Maine market, the voice service is  
14 offered in packages ranging from \$39.95 per month to \$49.95 per month.

15 Q. WHERE DOES TWCIS OR AFFILIATED ENTITIES CURRENTLY HAVE  
16 APPLICATIONS PENDING TO PROVIDE SERVICES?

17 A. The following affiliated entities currently have pending applications to provide IP-based  
18 voice services at their respective states' utilities commissions: Time Warner Cable  
19 Information Services (New Jersey), LLC; Time Warner Cable Information Services (Florida),  
20 LLC.

21 Q. HAS TWCIS OR ANY AFFILIATED ENTITY EVER BEEN DENIED CERTIFICATION  
22 IN ANOTHER STATE?

23 A. No.

24 Q. HAS TWCIS OR ANY AFFILIATED ENTITY EVER BEEN SUBJECT TO ANY  
25 FEDERAL OR STATE INVESTIGATION REGARDING ITS SERVICES?

26 A. No.

1 Q. PLEASE EXPLAIN WHY TWCIS IS SEEKING EXEMPTIONS FROM SOME SOUTH  
2 CAROLINA REGULATORY REQUIREMENTS.

3 A. The Commission granted TWCIS certain waivers in Order No. 2004-213. TWCIS requests a  
4 continued waiver of the same requirements in regard to this request to amend its certificate  
5 for this additional service area. Specifically, the Commission waived the requirements of 26  
6 S.C. Regs. 103-610, 103-622.1(d), 103-631, and exempted TWCIS from any requirement  
7 that it maintain its financial records in accordance with the Uniform System of Accounts.

8 Q. IN YOUR OPINION, WOULD THE ISSUANCE OF AN AMENDED CERTIFICATE TO  
9 TWCIS BE IN THE PUBLIC INTEREST?

10 A. Yes. Competition serves the public interest by bringing about lower rates, improved quality  
11 of service, and enhanced services. Amending the certificate will increase competition in the  
12 South Carolina telecommunications market using a new technology. As the proposed service  
13 relies on existing cable television facilities to reach customer premises, the service represents  
14 one of the best hopes for viable competition in the residential telephone market. Granting  
15 TWCIS's application will serve the public interest by allowing South Carolina residential  
16 consumers in ILECs' service areas to have access, in many cases for the first time, to a  
17 facilities-based competitive local telephone service. In addition, voice over IP technology can  
18 link phone calls with other data which makes several new services possible. The technology  
19 offers new flexibility to consumers who may be able to program their phones to redirect calls  
20 to other numbers, take messages, and send email responses to a voice call. Furthermore,  
21 TWCIS has made a significant investment within South Carolina and provides employment  
22 opportunities for South Carolina residents.

23 Q. WILL THE SERVICE TWCIS INTENDS TO PROVIDE MEET THE SERVICE  
24 STANDARDS OF THE COMMISSION?

25 A. Yes, TWCIS will comply with all applicable service standards established by the  
26 Commission.

1 Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE AVAILABILITY  
2 OF AFFORDABLE LOCAL EXCHANGE SERVICE?

3 A. No, granting our application will greatly enhance the availability of affordable local  
4 exchange service in the State of South Carolina through the introduction of increased  
5 competition and alternative service offerings using a new technology.

6 Q. IS TWCIS REQUESTING ALTERNATIVE REGULATORY TREATMENT FOR THE  
7 EXPANDED SERVICE AREA?

8 A. The Commission authorized TWCIS to implement an alternative regulatory plan under S.C.  
9 Code Sections 58-9-575 and 58-9-585 in Order No. 2004-495. TWCIS requests to be  
10 allowed to operate under the same alternative regulatory scheme in ILECs' service areas.  
11 Under the alternative regulatory treatment, the Commission does not fix or prescribe the  
12 rates, tolls, charges, or rate structures for TWCIS.

13 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

14 A. Yes.

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2004-280-C (Incumbent Carriers)**

In Re: )  
 )  
Application of Time Warner Cable )  
Information Services (SC), d/b/a )  
Time Warner Cable to Amend it )  
Certificate of Public Convenience & )  
Necessity to Provide Interexchange )  
and Local Voice Services in )  
Service Areas of Certain Incumbent  
Carriers who Currently Has a Rural  
Exemption

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**CERTIFICATE OF SERVICE**

This is to certify that I, Mary F. Cutler, a legal assistant with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the persons named below the **Testimony of Julie Patterson** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

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Dated at Columbia, South Carolina this 3<sup>rd</sup> day of March 2005.

  
Mary F. Cutler